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NATIONAL LAMPOON CEO AMONG 7 INDIVIDUALS CHARGED WITH SECURITIES FRAUD

PHILADELPHIA - Acting United States Attorney Laurie Magid today announced the unsealing of three indictments and an information¹ charging seven individuals with conspiracy and securities fraud. The charges pertain to four separate schemes designed to artificially inflate the prices of publicly traded stocks. Among those charged is Daniel Laikin, CEO of National Lampoon, Inc. which owns interests in the film *Animal House* and the *Vacation* series. These cases were the result of a long-term investigation, conducted in coordination with the United States Securities and Exchange Commission (the "SEC"), that detected ongoing stock manipulation schemes in the national securities markets. The SEC today filed separate civil actions against the same individuals.

"Protecting the integrity of our financial markets is a critical function of federal law enforcement," said Magid. "These defendants all sought to defraud the investing public through their manipulative conduct by artificially inflating the stocks to make them appear more valuable than they were. These schemes were designed to corrupt the market and reap large profits for these defendants at the expense of the average investor."

"The defendants in this case engaged in organized and on-going schemes to manipulate and artificially inflate stock prices of publicly traded companies for their own financial benefit," said Janice K. Fedarcyk, special agent in charge of the Philadelphia Division of the FBI. "And in so doing, they defrauded all of the legitimate market investors who bought and sold shares in these companies. The entire investment market suffers when individuals violate the legal and fiduciary trust of their positions."

All of the schemes involved efforts to manipulate the prices of publicly traded stocks by paying undisclosed kickbacks to individuals to purchase and hold the stock to create the illusion of market interest in the stocks. The objective was to induce the investing public to purchase a

¹An Indictment or Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

stock based on this artificial trading volume and, thus, increase the stock's value. Most of the charged defendants, including the corporate officers described below, had significant holdings in the stock or stocks they sought to manipulate and could have made millions of dollars if they had successfully inflated the stock prices. The remaining defendants benefitted financially by receiving the illegal kickbacks to purchase the stocks.

To make the increased interest in the stock appear more legitimate, the defendants coordinated purchases with the release of news by the companies and frequently shared non-public information about the company with other co-conspirators. In each case, a witness secretly cooperating with law enforcement (the "CW") was paid a kickback to make purchases in the target stock with the objective of artificially inflating its value.

The schemes involved the following stocks²:

National Lampoon, Inc.

National Lampoon, Inc. ("National Lampoon") is a company based in Los Angeles, California, that is involved primarily in media projects including feature films, television programming, online and interactive entertainment, home video, and book publishing. National Lampoon owns interests in all major National Lampoon properties, including the movies Animal House and the Vacation series. National Lampoon also operates a college television network and humor website. National Lampoon is publicly traded under symbol "NLN" on the American Stock Exchange.³

According to the charges, between March and June 2008, National Lampoon CEO Daniel Laikin conspired with Dennis Barsky, who is listed on National Lampoon SEC filings as a "consultant," to pay others, including Eduardo Rodriguez and the CW, to artificially inflate the price of National Lampoon stock. Rodriguez enlisted Tim Dougherty, a Rochester, New York stock promoter, to assist in the scheme. Dougherty was paid approximately \$40,000 to make purchases in National Lampoon stock with the objective of driving up the share price. Dougherty made his purchases over the course of a number of days and used various accounts to give the false impression of a steady demand for the stock.

² Rodriguez is also charged with a scheme to manipulate the price of a stock that has not yet been publicly identified due to an ongoing investigation.

³ Effective October 1, 2008, the American Stock Exchange became known as "NYSE Alternext."

Laikin told Rodriguez and the CW that he wanted the stock price to increase from approximately \$2 per share to \$5 per share to make it more attractive for “strategic partnerships” and “acquisitions.” In addition to paying others to purchase the stock, Laikin shared confidential financial information regarding the stock, non-public news releases, and confidential shareholder lists, and coordinated the release of news with the illegal purchases in the stock. Barsky helped direct the purchases and facilitated the kickback payments.

Advatech, Corp.

Advatech Corporation (“Advatech”) is a West Palm Beach, Florida, corporation that describes itself as an early stage biotechnology company engaged in the research and development and the commercialization of non-invasive electrical therapies. Advatech stock is publicly traded under the ticker symbol “ADVA” on Pink OTC Markets Inc., an inter-dealer electronic quotation and trading system in the over-the-counter (“OTC”) securities market commonly referred to as the “Pink Sheets.”⁴

Defendant Richard J. Margulies is the chief financial officer and a director of Advatech. Margulies owns and/or controls significant portions of Advatech stock either directly or through nominees. In June 2008, Margulies paid Rodriguez and the CW a 20-percent kickback on purchases of Advatech stock that were made as part of the undercover investigation. Before Rodriguez and the CW made the illegal purchases, Margulies provided them with shareholder lists, confidential information about the company, and non-public press releases. Margulies coordinated the release of news with the purchases and instructed the CW that they should “move [the stock] up nice and slow, so it doesn’t look like we’re a bunch of idiots.”

Swedish Vegas, Inc.

Swedish Vegas, Inc. (“Swedish Vegas”) is a Delaware corporation, based in Arcadia, California, that describes itself as “building a global brand name with a website, a line of microbrewed beer and a restaurant/bar concept.” The company’s stated plan was to “launch a series of themed eateries with an extensive beer and wine menu and reasonably priced lunches, dinners and appetizers.” Swedish Vegas was publicly traded under the ticker symbol “SWDV” on the Pink Sheets.

⁴The companies traded on the Pink Sheets tend to be closely held, extremely small, and/or thinly traded. Most do not meet the minimum listing requirements for trading on a national securities exchange, such as the New York Stock Exchange or the NASDAQ Stock Market.

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According to the charges, between June and July 2008, defendants Alex Kanakaris and Richard Epstein, two significant investors in Swedish Vegas, paid a kickback to Rodriguez and the CW to buy and hold Swedish Vegas stock. The objective was to make the stock price “fly.” Kanakaris and Epstein believed that a portion of the money they paid the CW was being used to secretly bribe brokers to purchase and hold the stock in their clients’ accounts. In reality, CW “purchased” the stock using undercover FBI funds. After CW made an initial stock purchase in July 2008, the SEC halted trading in the stock.

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE OR DATE OF BIRTH
Daniel Laikin	Los Angeles, CA	46
Dennis Barsky	Las Vegas, NV	60
Tim Dougherty	Webster, NY	29
Eduardo Rodriguez	Livingston, NJ	49
Richard J. Margulies	Edison, NJ	58
Alex Kanakaris	Newport Beach, CA	52
Richard Epstein	Parkland, FL	60

If convicted of all charges, defendants Laikin, Barsky, Dougherty, Margulies, Kanakaris, and Epstein each face up to 25 years in prison and defendant Eduardo Rodriguez faces up to 80 years in prison.

The case was investigated by the Federal Bureau of Investigation and the United States Securities and Exchange Commission. It is being prosecuted by Assistant United States Attorneys Derek A. Cohen and Louis D. Lappen.

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